

**Summary: Enacted Bill**  
**MILITARY AND VETERANS AFFAIRS FY 2003-04**  
**Senate Bill 266**  
**P.A. 156 of 2003**



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**Budget Overview**

The Department of Military and Veterans Affairs is charged with the training and administration of Army and Air National Guard forces, providing combat-ready military forces during times of national emergency, and performing civil relief operations under the command of the governor during state emergencies. The department's budget includes administrative and maintenance costs associated with these responsibilities, as well as several National Guard-related programs, such as the Challenge Program and the National Guard Education Assistance Program. The department has oversight over the following veterans-related programs: state-licensed nursing care at veterans homes in Grand Rapids and Marquette, grant funding to veterans service organizations, and the Michigan Veterans Trust Fund. Spending for veterans programs makes up roughly 62 percent of the department's FY 2002-03 budget.

**Summary of Major Budget Issues**

**Challenge Program** – The **Executive Recommendation** eliminated \$1.3 million GF/GP in state matching funds for the Challenge Program, a voluntary boot camp-style program for high school dropouts funded by the federal National Guard Bureau on a 60/40 federal/state basis. The GF/GP funds were replaced with authorization for private grant funds. Under this proposal, the program would be discontinued if sufficient private funds are not identified. The **Senate** restored the GF/GP funds, eliminated the additional private authorization, and added boilerplate language encouraging the department to identify alternate revenue sources for the program. The **House** concurred with the Executive Recommendation, with a \$100 net point of difference from the Senate. The **Enacted Bill** includes \$600,000 GF/GP, with remaining \$740,700 in state matching funds appropriated from private funds.

**Veterans Homes** – The **Executive Recommendation** reduced the GF/GP appropriations for the veterans homes in Grand Rapids and Marquette by a total of \$176,700 (largely to reflect additional savings from the 2002 early retirement package) increased authorization for federal funding from the U.S. Department of Veterans Affairs at the two homes by a total of \$142,300, and increased authorization for restricted income and assessment revenue by a total of \$134,500. The **Senate** and **House** concurred (again, with \$100 points of difference). The **Enacted Bill** also concurs.

**FY 2003-04 Recommendations**

	FY 2002-03 YTD (as of 3/6/03)	Executive	Senate	House	Enacted	<i>Difference:</i> <i>Enacted to 2002-03 YTD</i>	
						<i>Amount</i>	<i>%</i>
<b>IDG/IDT</b>	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$0	0.0
<b>Federal</b>	40,623,800	40,627,900	40,627,900	40,627,900	40,627,900	4,100	0.0
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	530,000	1,870,700	530,000	1,870,600	1,270,700	740,700	139.8
<b>Restricted</b>	23,646,700	23,800,100	23,800,100	23,800,100	23,800,100	153,400	0.6
<b>GF/GP</b>	38,328,308	36,598,800	37,939,500	36,616,400	37,198,800	(\$1,129,508)	(2.9)
<b>Gross</b>	<b>\$103,328,808</b>	<b>\$103,097,500</b>	<b>\$103,097,500</b>	<b>\$103,115,000</b>	<b>\$103,097,500</b>	<b>(\$231,308)</b>	<b>(0.2)</b>
<b>FTEs</b>	1,079.0	1,079.0	1,079.0	1,079.0	1,079.0	0.0	0.0

<b><u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u></b>		<b>YTD FY 2002-03</b>	<b>Enacted Change</b>
<b>1. Challenge Program</b>	<b>Gross</b>	<b>\$3,296,900</b>	<b>\$0</b>
<b>Executive Recommendation</b> replaced \$1.3 million in GF/GP funding for the Challenge Program—a voluntary boot camp-style program for high school dropouts funded by the federal National Guard Bureau on a 60/40 federal/state basis—with authorization for private funding. Under this proposal, the program would be discontinued if sufficient private funds are not identified. <b>Senate</b> restored GF/GP and eliminated additional private authorization. <b>House</b> concurred with Executive Recommendation, with a net \$100 point of difference from the Senate. <b>Enacted Bill</b> includes \$600,000 GF/GP, with remaining \$740,700 in state matching funds appropriated from private funds (Also, see boilerplate section 302(2).)	IDG	200,000	0
	Federal	1,651,200	0
	Private	105,000	740,700
	GF/GP	\$1,340,700	(\$740,700)
<b>Executive: \$0 [negative \$1,340,700 GF/GP]</b>			
<b>Senate: \$0 [no change GF/GP]</b>			
<b>House: (\$100) [negative \$1,340,700 GF/GP]</b>			
<b>2. Civil Air Patrol</b>	<b>Gross</b>	<b>\$86,000</b>	<b>(\$86,000)</b>
<b>Executive Recommendation</b> eliminated a grant to the Michigan wing of the Civil Air Patrol, which serves as the official auxiliary of the U.S. Air Force. (These funds were appropriated in a FY 2002-03 supplemental budget bill.) <b>Senate</b> and <b>House</b> concurred. <b>Enacted Bill</b> also concurs.	GF/GP	\$86,000	(\$86,000)
<b>Executive: (\$86,000)</b>			
<b>Senate: (\$86,000)</b>			
<b>House: (\$86,000)</b>			
<b>3. Prepaid Phone Cards</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
<b>House</b> added GF/GP funds for the distribution of prepaid phone cards to National Guard members and military reservists on active duty overseas (see new boilerplate sections 303 and 303a). <b>Enacted Bill</b> does not include these funds.	GF/GP	\$0	\$0
<b>Executive: \$0</b>			
<b>Senate: \$0</b>			
<b>House: \$20,000</b>			
<b>4. Early Retirement Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>(\$259,800)</b>
<b>Executive Recommendation</b> reflected two types of adjustments related to 2002 early retirement package: (1) removal of funds for one-time leave payouts and (2) annualization of savings for October 2002 retirees. <b>Senate</b> and <b>House</b> concurred. <b>Enacted Bill</b> also concurs.	GF/GP	NA	(\$259,800)
<b>Executive: (\$259,800)</b>			
<b>Senate: (\$259,800)</b>			
<b>House: (\$259,800)</b>			
<b>5. Information Technology Reduction</b>	<b>Gross</b>	<b>\$1,157,408</b>	<b>(\$69,808)</b>
<b>Executive Recommendation</b> applied reduction to funds appropriated as IDG to Department of Information Technology for information technology services. <b>Senate</b> and <b>House</b> concurred. <b>Enacted Bill</b> also concurs.	Federal	520,100	0
	Restricted	141,600	0
	GF/GP	\$495,708	(\$69,808)

<b><u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u></b>		<b>YTD FY 2002-03</b>	<b>Enacted Change</b>
<b>Executive: (\$69,808)</b>			
<b>Senate: (\$69,808)</b>			
<b>House: (\$69,808)</b>			
<b>6. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$101,800</b>
<b>Executive Recommendation</b> included economic adjustments for food and utility costs at veterans homes (positive \$113,800) and worker's compensation (negative \$12,000). <b>Senate</b> and <b>House</b> concurred. <b>Enacted Bill</b> also concurs.	Federal	NA	37,300
	Restricted	NA	37,700
	GF/GP	NA	\$26,800
<b>Executive: \$101,800</b>			
<b>Senate: \$101,800</b>			
<b>House: \$101,800</b>			
<b>7. Grand Rapids Veterans Home — Medicaid</b>	<b>Gross</b>	<b>\$500,000</b>	<b>(\$150,000)</b>
<b>Executive Recommendation</b> decreased appropriation of Medicaid revenue for Grand Rapids Veterans Home to reflect projected collections. <b>Senate</b> and <b>House</b> concurred. <b>Enacted Bill</b> also concurs.	Federal	500,000	(150,000)
<b>Executive: (\$150,000)</b>			
<b>Senate: (\$150,000)</b>			
<b>House: (\$150,000)</b>			
<b>8. Grand Rapids Veterans Home — VA Payments</b>	<b>Gross</b>	<b>\$12,917,400</b>	<b>\$118,000</b>
<b>Executive Recommendation</b> increased appropriation of revenue from U.S. Department of Veterans Affairs (VA) per diem payments for Grand Rapids Veterans Home to reflect projected collections and available carry forward revenue. <b>Senate</b> and <b>House</b> concurred. <b>Enacted Bill</b> also concurs.	Federal	12,917,400	118,000
<b>Executive: \$118,000</b>			
<b>Senate: \$118,000</b>			
<b>House: \$118,000</b>			
<b>9. Jacobetti Veterans Home — Income and Assessments</b>	<b>Gross</b>	<b>\$4,068,000</b>	<b>\$115,700</b>
<b>Executive Recommendation</b> increased appropriation of revenue from income and assessment payments by residents at D.J. Jacobetti Veterans Home to reflect projected collections and available carry forward revenue. <b>Senate</b> and <b>House</b> concurred. <b>Enacted Bill</b> also concurs.	Restricted	4,068,800	115,700
<b>Executive: \$115,700</b>			
<b>Senate: \$115,700</b>			
<b>House: \$115,700</b>			

*Note: House created \$100 points of difference from Senate in all GF/GP line items; \$100 changes are not reflected in figures above.*

#### **Major Boilerplate Changes from FY 2002-03:**

##### ***Sec. 206. Contingency Funds – DELETED***

**Executive Recommendation** retained section appropriating federal, restricted, local, and private contingency funds that can be expended upon legislative transfer to a specific line item. **Senate** deleted selection, with concurrence by **House** and **Enacted Bill**.

***Sec. 210. Appropriation of Unexpended General Funds – NEW/DELETED***

**Executive Recommendation** included new section appropriating up to one-half of the unexpended, unreserved portions of FY 2002-03 general fund appropriations, subject to the approval of the budget director, in order to promote administrative efficiencies. Section not included by **Senate**, **House**, or **Enacted Bill**.

***Sec. 212. National Guard Education Assistance Program – MODIFIED***

**Executive Recommendation** adjusted disbursement limit for National Guard Education Assistance Program from \$2.0 million to \$1.3 million (the actual funding amount contained in the budget). **Senate** retained \$2.0 million limit. **House** concurred with Executive Recommendation. **Enacted Bill** concurs with House.

***Sec. 214. Military Cemeteries – NEW***

**Senate** added section requiring that, should funds become available and necessary legislation be enacted, the department allocate funds for state military cemeteries in Crawford and/or Dickinson counties. Section not included by **House**. **Enacted Bill** includes modified version of Senate language with same purpose.

***Sec. 302(2). Challenge Program Revenue Sources – NEW***

**Senate** added language stating legislative intent that the department identify alternative revenue sources to replace GF/GP funding for the Challenge Program. New language not included by **House**. **Enacted Bill** concurs with Senate.

***Sec. 303. (Current Year) Oak Park Armory – DELETED***

**Executive Recommendation** deleted section providing for reappraisal of Oak Park Armory property and granting City of Oak Park right to purchase property at appraisal value. **Senate** and **House** concurred. **Enacted Bill** also concurs.

***Sec. 303. (Enacted) Prepaid Phone Cards – NEW***

**House** added two new sections earmarking \$10,000 each for the distribution of prepaid phone cards to military reservists (303) and National Guard members (303a) on active duty overseas. **Enacted Bill** includes consolidated/modified section that, rather than earmarking funds, encourages the state program family office to promote and inform private individuals, businesses, and organizations regarding the distribution of phone cards and other services to such individuals.